Pradesh and Chhattisgarh during the year 2000-2001 and 2001-2002; and

(b) whether cases of diversion of funds have been detected and if so, the details thereof and the action taken thereon?

THE MINISTER OF STATE OF THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (SHRI M. KANNAPPAN): (a) The Ministry is implementing non-conventional energy programmes mainly through Madhya Pradesh Urja Vikas Nigam Limited (MPUVN) and Madhya Pradesh State Agro Industries Development Corporation Limited (MPSAIDC) in the State of Madhya Pradesh, and in the State of Chhattisgarh, the programmes are implemented through Chhattisgarh State Renewable Development Agency (CREDA). A total amount of Rs. 133.05 lakh and Rs. 833.76 lakh has been released/spent by Madhya Pradesh Urja Vikas Nigam Limited and Madhya Pradesh State Agro Industries Development Corporation Limited respectively during the financial years 2000-01and 2001-02 in the State of the Madhya Pradesh. A total amount of Rs. 385.54 lakh has been released/spent by Chhattisgarh State Renewable Development Agency during the year 2000-01 and 2001-2002, in the State of Chhattisgarh. The accounts for releases made during 2001-02 are yet to be settled.

(b) As per the reports received, no diversion of funds has been detected in respect of the programmes implemented by this Ministry in the State of Madhya Pradesh and Chhattisgarh.

One time settlement of SEBs outstanding dues

1560*. SHRI JANARDHANA POOJARY: Will the Minister of POWER be pleased to state:

(a) what are the details of Government package for one time settlement of the outstanding dues of the State Electricity Boards (SEBs) to the Central Power Undertakings (CPUs);

(b) whether the State Governments particularly Karnataka, are against the proposal contained in the Tripartite Agreement that the dues of SEBs to the CPUs should be debited from the accounts of the State Governments maintained in the RBI meaning thereby that their Accounts in the RBI would be ESCROW to NTPC for all future payments; and

(c) if so, the details in this regard and the Centre's reaction to the proposal?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) On the basis of the recommendations of the Expert Group under the Chairmanship of Montek Singh Ahluwalia that was endorsed, with minor modifications, by the High Level Empowered Group of Chief Ministers under the Chairmanship of Deputy Chairman of the Planning Commission, Government of India announced the scheme of one-time settlement of outstanding dues as of 30.09.2001. On 20.05.2002 a modified tripartite agreement (TPA) that is to be signed among the State Government, Government of India and the Reserve Bank of India was circulated.

The salient features of the one-time settlement scheme and the TPA are:

1. For the states participating in the scheme, 60% of the interest/ surcharge on the delayed payments as on 30.09.2001 would be waived off.
2. The rest of the dues comprising the full principal amount as well as the remaining 40% of the interest/surcharge to be securitised through bonds issued by the respective State Governments.
3. The bonds will be issued through RBI at a tax-free interest rate of 8.5% per annum. The terms of bonds shall be structured to achieve a moratorium of 5 years on repayment of principal with the entire principal being repaid between the 6th and 15th year. These bonds shall be identical to the bonds issued in connection with the market borrowings of State Governments, with the attendant discipline in repayments. The bonds will be subject to lock-in restrictions that will allow release of only 10 per cent of the bonds in the secondary market each year.
4. For ensuring timely payment of current dues infuture, defaults in current payment for power/fuel shall attract a graded reduction in the supply of power from central power stations and in coal supplies. Payments that remain outstanding after 90 days from the date of billing shall be recovered, on behalf of the CPSUs, by the Ministry of Finance through adjustment against releases due to the respective State Government on account of plan assistance, States' share of Central taxes and any other grant or loan.

5. In order to initiate steps towards reform of the sector, the State Electricity Boards/State Governments to accept reform-based performance milestones such as setting up of State Electricity Reforms Commission (SERC), metering of distribution feeders, improvement in revenue realisation specified in the Memorandum of Understanding (MOU) signed/to be signed with the Ministry of Power.

6. The States to be offered incentives for complying with the scheme. If SEBs do not default on their current dues and adhere to the performance milestones, CPSUs would pay them, bi-annual cash incentives equal to 3% of the value of bonds in the first year, 2.5% in the second year and 2% in the third and fourth years (total incentive of 19% for four years). Further, if SEBs open and maintain Letters of Credit (LCs), CPSUs would pay them a one-time cash incentive equal to 2% of the value of bonds. In addition, States undertaking reforms would also be assisted through the Accelerated Power Development and Reform Programme (APDRP) grants and discretionary allocation of Power.

7. The States that withhold their consent beyond 60 days after this scheme enters into force will be denied any share in the discretionary allocation of power (15 per cent) from the power stations of CPSUs as well as any assistance under the APDRP. If the overdues of such States exceed Rs. 50 crore in respect of any CPSUs, they would also attract reduction in power and coal supplies, available to the states participating in this scheme.

8. Outstanding dues as on 30.09.2001 would form the basis of the one time settlement. Dues that accrue after this date would not form part of the scheme. Individual CPSUs and states can consider exchanging bonds for the outstanding.

9. The scheme covers the oustanding dues payable by the SEBs to the National Thermal Power Corporation (NTPC), National Hydro-electric Power Corporation (NHPC), North Eastern Electric Power Corporation (NEEPCO), Damodar Valley Corporation

(DVC) and Power Grid Corporation of India (PGCIL) under the Ministry of Power, Coal India Limited (CIL) and its subsidiaries and Neyveli Lignite Corporation (NLC) under the Department of Coal, Nuclear Power Corporation (NPL) under the Department of Atomic Energy and the Ministry of Railways.

(b) The Government of Karnataka has signed the Tripartite Agreement. However, it has informed that the agreement is being signed subject to the Government of India fulfilling the following conditions:

1. GOI in future should not resort to any unilateral deductions out of the CPA except under mutual written agreements with the State Government and GOI shall consider extending the scheme of one time settlement for Securitisation of KPCL dues through 8.5% tax free bonds.
2. NTPC shall consider favourably, the issue of excluding separate escrow cover and Government guarantee for Talcher-II and Ramagundam-III, when this tripartite agreement comes into force.
3. Government of India should not invoke Government guarantee for the existing Power Purchase Agreements of CPSUs which are covered under this Tripartite Agreement.
4. Increase in the share of power supply by way of incentives to the reforming States should be made available from the cheaper sources of Central Generating Stations.

(c) As already stated, the TPA provides that the payments that remain outstanding after 90 days from the date of billing shall be recovered, on behalf of the CPSUs, by the Ministry of Finance through adjustments against releases due to the State Government on account of plan assistance, States' share of central taxes and any other grant or loan. No deviation to the existing Tripartite agreement scheme which was endorsed by the High Level Empowered Group of Chief Ministers under the Chairmanship of the Deputy Chairman of the Planning Commission and accepted by the Government of India, under consideration at present. Furthermore, it may be seen that the State Electricity Boards have already been given substantial concessions and incentives which involve corresponding sacrifices on the part of the Central PSUs.